
By: **Delegate Donoghue**

Introduced and read first time: February 21, 2002

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Property and Casualty Insurers - Premium Tax Credit for Guaranty**
3 **Corporation Assessments**

4 FOR the purpose of allowing a credit against the insurance premium tax for certain
5 amounts of assessments paid by certain insurers to the Property and Casualty
6 Insurance Guaranty Corporation; repealing a provision requiring that certain
7 insurance rates and premiums include certain amounts to recoup amounts paid
8 to the Corporation and prohibiting rates and premiums from being considered
9 excessive because they include certain amounts to recoup assessments; allowing
10 the premium credit for an assessment to be claimed ratably over a certain
11 period; providing for the recapture of the credit for certain amounts returned by
12 the Corporation to an insurer; providing that the credit may not be taken into
13 consideration in determining liability for certain retaliatory taxes imposed;
14 providing for the application of this Act; and generally relating to an insurance
15 premium tax credit for certain assessments paid by insurers to the Property and
16 Casualty Insurance Guaranty Corporation.

17 BY repealing
18 Article - Insurance
19 Section 9-313
20 Annotated Code of Maryland
21 (1997 Volume and 2001 Supplement)

22 BY adding to
23 Article - Insurance
24 Section 6-121 and 9-313
25 Annotated Code of Maryland
26 (1997 Volume and 2001 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
28 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Insurance

2 6-121.

3 AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR PROPERTY
4 AND CASUALTY INSURANCE GUARANTY CORPORATION ASSESSMENTS AS PROVIDED
5 IN § 9-313 OF THIS ARTICLE.

6 [9-313.

7 The rate and premium charged for a policy or surety bond to which this subtitle
8 applies:

9 (1) shall include an amount sufficient to recoup, over a reasonable length
10 of time of not less than 3 years, the amount paid to the Corporation by the member
11 insurer less any amount returned to the member insurer by the Corporation; and

12 (2) may not be considered excessive because the rate and premium
13 contain an amount reasonably calculated to recoup assessments paid by the member
14 insurer.]

15 9-313.

16 (A) (1) A MEMBER INSURER THAT HAS PAID AN ASSESSMENT TO THE
17 CORPORATION IN ANY YEAR MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX
18 IMPOSED UNDER TITLE 6 OF THIS ARTICLE IN AN AMOUNT EQUAL TO THE AMOUNT
19 BY WHICH THE ASSESSMENT PAID FOR ANY ACCOUNT EXCEEDS 0.5% OF THE
20 MEMBER INSURER'S NET DIRECT WRITTEN PREMIUMS FOR THE PRECEDING
21 CALENDAR YEAR ON THE KINDS OF INSURANCE COVERED BY THE ACCOUNT.

22 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE CREDIT
23 UNDER THIS SECTION FOR ANY ASSESSMENT SHALL BE ALLOWED AGAINST THE
24 PREMIUM TAX RATABLY OVER 5 YEARS, WITH ONE-FIFTH OF THE CREDIT AMOUNT
25 ALLOWED ANNUALLY BEGINNING WITH THE YEAR FOLLOWING THE YEAR WHEN
26 THE ASSESSMENT IS PAID.

27 (3) IF A MEMBER INSURER CEASES DOING BUSINESS, ANY UNUSED
28 CREDITS MAY BE APPLIED AGAINST THE PREMIUM TAX FOR THE YEAR THE MEMBER
29 INSURER CEASES DOING BUSINESS.

30 (4) (I) THE TOTAL CREDIT ALLOWED UNDER THIS SECTION FOR ANY
31 TAXABLE YEAR MAY NOT EXCEED THE PREMIUM TAX OTHERWISE PAYABLE BY THE
32 MEMBER INSURER FOR THE TAXABLE YEAR.

33 (II) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR
34 MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

35 (B) (1) THE CREDIT UNDER THIS SECTION FOR ANY ASSESSMENT SHALL BE
36 RECAPTURED FOR ANY AMOUNT THAT IS RETURNED BY THE CORPORATION TO THE

1 MEMBER INSURER AS A REFUND OF THE ASSESSMENT OR AS AN OFFSET AGAINST
2 THE ASSESSMENT.

3 (2) (I) AMOUNTS TO BE RECAPTURED UNDER THIS SUBSECTION
4 SHALL FIRST REDUCE THE AMOUNT OF ANY UNUSED CREDIT.

5 (II) AFTER REDUCING ANY UNUSED CREDIT, THE MEMBER
6 INSURER SHALL PAY ANY REMAINING AMOUNT TO BE RECAPTURED AS ADDITIONAL
7 PREMIUM TAX PAYABLE FOR THE YEAR FOLLOWING THE YEAR THE MEMBER
8 INSURER RECEIVES THE ASSESSMENT REFUND OR OFFSET.

9 (C) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT BE TAKEN INTO
10 CONSIDERATION IN DETERMINING A MEMBER INSURER'S LIABILITY FOR ANY
11 RETALIATORY TAX IMPOSED UNDER TITLE 6, SUBTITLE 3 OF THIS ARTICLE.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2002 and shall be applicable to all taxable years beginning after December 31,
14 2001.